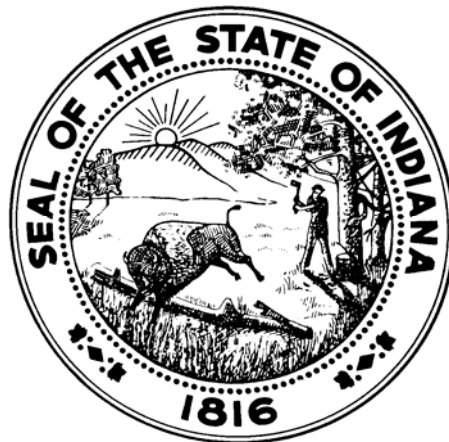


**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT
OF
COUNTY AUDITOR
BROWN COUNTY, INDIANA
January 1, 2005 to December 31, 2005



FILED
03/16/2007

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Mari H. Miller	01-01-03 to 12-31-10
President of the County Council	David Critser	01-01-05 to 12-31-07
President of the Board of County Commissioners	Stephanie R. Yager	01-01-05 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF BROWN COUNTY

We have examined the records of the County Auditor for the period from January 1, 2005 to December 31, 2005, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Examination Results and Comments. The financial transactions of this office are reflected in the Examination Report of Brown County for the year 2005.

STATE BOARD OF ACCOUNTS

January 18, 2007

COUNTY AUDITOR
BROWN COUNTY
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The cash balances of the General, Property Reassessment, County Health and Jail Lease Funds were overdrawn at December 31, 2005.

The County General Fund had an overdrawn cash balance of \$6,133,126, due in part to taxes not being collected and settled in a timely manner. The amount of local taxes collected for the General Fund for 2005 was \$2,081,465; after the collection of taxes is current the General Fund may still be overdrawn.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

TAX SALE NOT HELD

A tax sale was not held in 2005 to collect delinquent property taxes on real property.

Indiana Code 6-1.1-24 and 6-1.1-25 require that a tax sale be held each year.

COLLECTIONS AND SETTLEMENT OF TAXES NOT TIMELY

Because of delays in completing the 2002 reassessment; a provisional property tax billing for 2002 pay 2003 was sent out with a final billing in May 2005 and the settlement of taxes with local units of government was made in August 2005. A final billing for 2003 taxes payable in 2004 was mailed in December 2005 with settlement made in April 2006. A final billing of taxes due for 2004 payable in 2005 was mailed in 2006 with settlement made in 2006. As of December 31, 2006, no tax rates had been approved for 2005 pay 2006 property taxes.

During this same period of time the County did not distribute property tax replacement credit and homestead credit or county adjusted gross income tax to other governmental units.

Taxes collected by the County were kept in an interest bearing bank account with all interest received retained by the County. Interest was not paid to other governmental units at the time of distribution.

Indiana Code 6-1.1-27-1 requires the County to pay interest on any collection of property taxes invested in an interest bearing account and not distributed timely to the governmental units.

SURPLUS TAX FUND

The County was holding \$31,485.48 in the surplus tax fund at December 31, 2005, which was held for more than three years. The surplus tax record has not been reconciled to the surplus tax fund for 2004 or 2005. A material balance remains in the fund that is not being identified to tax duplicates.

Indiana Code 6-1.1-26-6(c) states: "An amount deposited in the surplus fund shall be transferred by the county auditor to the county general fund and may not be disbursed under subsection (b) if it is not claimed within the three (3) year period after the date of its receipt."

COUNTY AUDITOR
BROWN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

REPAYMENTS TO COUNTY GENERAL

Payments were made for the refund of surplus tax from the County General Fund instead of the surplus tax fund. The County General Fund was not reimbursed from the surplus tax fund.

Under Indiana Code 6-1.1-26-6, the portion of a tax or special assessment payment which exceeds the amount actually due shall be receipted into a special fund to be known as the "Surplus Tax Fund." Amounts receipted into this fund shall first be applied to the taxpayer's delinquent taxes in the manner provided in Indiana Code 6-1.1-23-5(b); the taxpayer may then file a verified claim for money remaining in the surplus tax fund. The county treasurer or county auditor shall require reasonable proof of payment by the person making the claim. If the claim is approved by the county auditor and the county treasurer, the county auditor shall issue a warrant to the taxpayer for the amount due the taxpayer. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

PETITION FOR CORRECTION OF ERROR, COUNTY FORM 133

Information presented for examination provides numerous instances where County Form 133, Petition for Correction of Error, was either not used when applicable or did not contain the appropriate number of signatures.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

CAPITAL ASSETS

As noted in Reports B22002 and B25199, information presented for examination did not indicate an inventory or record of capital assets using Capital Asset Ledger, County Form 146, or an approved alternative form.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapters 14 and 20)

APPROPRIATIONS

Due to problems with completing reassessment, the budget recorded by the County was not approved by the Indiana Department of Local Government Finance until June 1, 2006.

The General Fund budget was over spent \$775,718, during 2005.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

COUNTY AUDITOR
BROWN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 5, 2007, with Mari H. Miller, Auditor, Joe Wray, Treasurer; David Critser, President of County Council; and Stephanie R. Yager, President of the Board of County Commissioners. The officials concurred with our findings.